



Reprinted
January 29, 2016

SENATE BILL No. 308

DIGEST OF SB 308 (Updated January 28, 2016 2:54 pm - DI 73)

Citations Affected: IC 6-1.1; IC 6-1.5; IC 6-3.6; IC 36-7; noncode.

Synopsis: Property tax matters. Provides that when calculating the base rate for agricultural land for the January 1, 2017, assessment date and each assessment date thereafter, the department of local government finance (DLGF) shall do the following: (1) Use the six most recent years preceding the year in which the assessment date occurs for which data is available (before the highest of those six years is eliminated when determining the rolling average). (2) Use a capitalization rate of at least 8%. (3) For purposes of calculating a base rate, recalculate certain prior base rates that are used in the rolling average by using a capitalization rate of at least 8%. Specifies that the adjustment of the base rate by the assessed value growth quotient applies only for the
(Continued next page)

Effective: Upon passage; January 1, 2008 (retroactive); January 1, 2016 (retroactive); July 1, 2016; January 1, 2017.

**Hershman, Bassler, Perfect,
Charbonneau, Leising, Houchin,
Raatz, Niemeyer, Tomes**

January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 21, 2016, amended, reported favorably — Do Pass.
January 28, 2016, read second time, amended, ordered engrossed.

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2016 assessment date. Specifies that for purposes of the assessment of agricultural land, the soil productivity factors used for the March 1, 2011, assessment date shall be used for the January 1, 2016, assessment date and each assessment date thereafter. (Under current law, new soil productivity factors are to be used for assessment dates occurring after March 1, 2015.) Deletes the requirement that an assessor shall examine and verify the accuracy of each personal property tax return filed by a taxpayer. Provides instead that an assessor may examine and verify the accuracy of a personal property tax return if the assessor considers the examination and verification of that personal property return to be useful to the accuracy of the assessment process. Repeals provisions enacted in 2015 concerning the assessment of: (1) certain limited market or special purpose property; and (2) commercial nonincome producing real property. Provides that in addition to the factors under current law, the DLGF shall also provide for the classification of improvements on the basis of market segmentation. Specifies that with respect to the assessment of an improved property, a valuation does not reflect the true tax value of the improved property if the purportedly comparable sale properties supporting the valuation have a different market or submarket than the current use of the improved property, based on a market segmentation analysis. Specifies that a market segmentation analysis must be conducted in conformity with generally accepted appraisal principles and is not limited to the categories of markets and submarkets enumerated in the rules or guidance materials adopted by the DLGF. Provides that true tax value shall be determined under the rules of the DLGF (subject to the provisions of the property tax article), and that the DLGF's rules may include examples to illustrate true tax value. Specifies that true tax value does not mean the value of the property to the user. Provides that in the case of a limited market or special purpose property that: (1) is commonly regarded as a big box retail building under standard appraisal practices and is at least 50,000 square feet; and (2) is occupied by the original owner or by a tenant for which the improvement was built; if a taxpayer files an assessment appeal after March 31, 2016, and the effective age of the improvements is ten years or less, the taxpayer must provide to the assessor information concerning the actual construction costs for the real property. Increases the assessed value per acre of classified forest land, classified windbreaks, and classified filter strips from \$1 per acre to \$13.29 per acre for the January 1, 2017, assessment date. For assessment dates after January 1, 2017, increases the assessed value by the annual percentage change in the consumer price index. Authorizes a county fiscal body to adopt an ordinance providing that the county auditor shall exclude and keep separate on the tax duplicate for taxes payable in a calendar year the net assessed value of tangible property that is necessary to enable the county to pay the expenses, as specified in the ordinance, that are likely to be incurred by the county assessor in defending appeals with respect to property located in the county. Specifies that property tax receipts that are attributable to an increase in the taxing unit's tax rate caused by such a reduction in the county's net assessed value shall be deposited in the county's property tax assessment appeals fund. Authorizes a civil taxing unit to request an increase in its maximum property tax levy for a year, if the department of local government finance finds that the growth in the civil taxing unit's assessed value in the preceding year was at least two times the percentage growth allowed for the civil taxing unit's tax levy under the assessed value growth quotient determined for the ensuing year. Provides that the civil taxing unit may increase its maximum property tax levy by a percentage equal to the percentage growth in the civil taxing unit's assessed value for the preceding year. Specifies that the Indiana board of tax review (Indiana board) may, on its own motion, have a review appraisal prepared by an independent appraiser to review

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any appraisal submitted by a party to the hearing. Specifies that when the Indiana board makes a determination on a petition for review of an assessment, the Indiana board may consider parts or elements of the evidence submitted by the parties to the proceeding and make a finding of fact that is different from a particular fact that is asserted by a party. Provides that for purposes of a review by the Indiana tax court or the Indiana supreme court of a final determination by the Indiana board on a petition for review of an assessment, the fact that a determination by the Indiana board that the value of the property: (1) is less than the value of the property included in the appraisal report that contains the highest proposed value of the property; and (2) is more than the value of the property included in the appraisal report that contains the lowest proposed value of the property; does not by itself constitute an arbitrary or capricious action by the Indiana board, an abuse of discretion by the Indiana board, or a determination by the Indiana board that is unsupported by substantial or reliable evidence. Permits a county fiscal body to impose a local income tax (LIT) rate for a public safety emergency assistance answering point that is part of the statewide 911 system (PSAP) if the adopting body in the county is the LIT council and the LIT council has not allocated the revenue from an expenditure rate of at least 0.1% to a PSAP in the county. Specifies that the rate may not exceed 0.1%. Specifies that the revenue generated by the rate is to be paid only to the county unit and used only for a PSAP. Provides that, in the case of assessed value increases attributable to the application of an abatement schedule adopted: (1) after June 30, 2016; but (2) before the allocation area is established; the assessed value increases attributable to the application of the abatement schedule must be included in the base assessed value of the allocation area, and may not be included in the incremental assessed value of the allocation area. Provides that, in the case of assessed value increases attributable to the application of an abatement schedule adopted: (1) after June 30, 2016; and (2) on or after the allocation area is established; assessed value increases attributable to the application of an abatement schedule may be included in the incremental assessed value of the allocation area, but only to the extent that the assessed value increase is a direct result of funding or expenditures from the allocation area as determined by the fiscal body of the unit that established the redevelopment commission. Requires the Indianapolis metropolitan development commission to establish a new base assessed value beginning in 2017 for purposes of determining the incremental tax revenue for the Marion County airport economic development area. Specifies that the base assessed value must be set at the amount that will limit the incremental revenue to 150% of the debt service of the bonds denominated as series 2007 and 2007A as of January 1, 2016. Provides that a taxpayer may after January 15, 2016, and before May 1, 2016, file a property tax exemption application claiming certain tax exemptions for assessment dates after December 31, 2007, and before January 1, 2011. Specifies that if the property for which such an exemption application is filed would have qualified for the exemption if an exemption application had been timely filed, the property tax exemption is allowed and the exemption application is considered to have been timely filed.



Reprinted
January 29, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 308

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-3-14, AS AMENDED BY P.L.146-2008,
2 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 14. The township assessor, or the county assessor
4 if there is no township assessor for the township, ~~shall:~~ **may:**
5 (1) examine and verify; or
6 (2) allow a contractor under IC 6-1.1-36-12 to examine and
7 verify;
8 the accuracy of ~~each~~ a personal property return filed with the township
9 or county assessor by a taxpayer **if the assessor considers the**
10 **examination and verification of that personal property return to be**
11 **useful to the accuracy of the assessment process.** If appropriate, the
12 assessor or contractor under IC 6-1.1-36-12 shall compare a return with
13 the books of the taxpayer and with personal property owned, held,
14 possessed, controlled, or occupied by the taxpayer.
15 SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012,

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SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a reassessment under section 4 or 4.2 of this chapter for the property last took effect.

(b) Subject to subsection (e), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not a year in which a reassessment under section 4 or 4.2 of this chapter for the property becomes effective.

(c) The rules adopted under subsection (a) must include the following characteristics in the system:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Require that assessing officials:

(A) reevaluate the factors that affect value;

(B) express the interactions of those factors mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of annual adjustments.

(3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (c) for ~~current property taxes first due and payable in 2011~~ **the January 1, 2017, assessment date and each assessment date** thereafter, the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology ~~to~~ **as follows**:

(1) Use a six (6) year rolling average adjusted under subdivision

~~(2) (3)~~ instead of a four (4) year rolling average. ~~and~~

(2) Use the data from the six (6) most recent years preceding the year in which the assessment date occurs for which data is available, before one (1) of those six (6) years is eliminated under subdivision (3) when determining the rolling average.

~~(2) (3)~~ Eliminate in the calculation of the rolling average the year



among the six (6) years for which the highest market value in use of agricultural land is determined.

(4) Use a capitalization rate of at least eight percent (8%).

(5) Do the following for purposes of calculating a base rate for an assessment date occurring after December 31, 2016:

(A) Beginning with the base rate calculated for the March 1, 2009, assessment date, and ending with the base rate calculated for the January 1, 2016, assessment date, recalculate each annual base rate by using a capitalization rate of at least eight percent (8%).

(B) Substitute the base rate recalculated for a particular year under subdivision (1) for the base rate that actually applied for that year.

A base rate recalculated under clause (A) applies only for the purposes of calculating a base rate for an assessment date occurring after December 31, 2016.

(f) For assessment dates after December 31, 2009, an adjustment in the assessed value of real property under this section shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 3. IC 6-1.1-4-13, AS AMENDED BY P.L.249-2015, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: Sec. 13. (a) In assessing or reassessing land, the land shall be assessed as agricultural land only when it is devoted to agricultural use.

(b) For purposes of this section, and in addition to any other land considered devoted to agricultural use, any:

(1) land enrolled in:

(A) a land conservation or reserve program administered by the United States Department of Agriculture;

(B) a land conservation program administered by the United States Department of Agriculture's Farm Service Agency; or

(C) a conservation reserve program or agricultural easement program administered by the United States Department of Agriculture's National Resources Conservation Service;

(2) land enrolled in the department of natural resources' classified forest and wildlands program (or any similar or successor program);

(3) land classified in the category of other agriculture use, as provided in the department of local government finance's real property assessment guidelines; or

(4) land devoted to the harvesting of hardwood timber;



is considered to be devoted to agricultural use. Agricultural use for purposes of this section includes but is not limited to the uses included in the definition of "agricultural use" in IC 36-7-4-616(b), such as the production of livestock or livestock products, commercial aquaculture, equine or equine products, land designated as a conservation reserve plan, pastureland, poultry or poultry products, horticultural or nursery stock, fruit, vegetables, forage, grains, timber, trees, bees and apiary products, tobacco, other agricultural crops, general farming operation purposes, native timber lands, or land that lays fallow. Agricultural use may not be determined by the size of a parcel or size of a part of the parcel. This subsection does not affect the assessment of any real property assessed under IC 6-1.1-6 (assessment of certain forest lands), IC 6-1.1-6.2 (assessment of certain windbreaks), or IC 6-1.1-6.7 (assessment of filter strips).

(c) The department of local government finance shall give written notice to each county assessor of:

(1) the availability of the United States Department of Agriculture's soil survey data; and

(2) the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map.

All assessing officials and the property tax assessment board of appeals shall use the data in determining the true tax value of agricultural land. However, notwithstanding the availability of new soil productivity factors and the department of local government finance's notice of the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map for the March 1, 2012, assessment date, the soil productivity factors used for the March 1, 2011, assessment date shall be used for the ~~March 1, 2012; January 1, 2016,~~ assessment date ~~the March 1, 2013; assessment date; the March 1, 2014; assessment date; and the March 1, 2015; assessment date.~~ **New soil productivity factors shall be used for assessment dates occurring after March 1, 2015. and each assessment date thereafter.**

(d) The department of local government finance shall by rule provide for the method for determining the true tax value of each parcel of agricultural land.

(e) This section does not apply to land purchased for industrial or commercial uses.

SECTION 4. IC 6-1.1-4-13.2, AS ADDED BY P.L.249-2015, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.2. Notwithstanding the provisions of this



chapter and any real property assessment guidelines of the department of local government finance, for the property tax assessment of agricultural land for the 2015 assessment date, the statewide agricultural land base rate value per acre used to determine the value of agricultural land is two thousand fifty dollars (\$2,050). For the 2016 assessment date, ~~and each assessment date thereafter~~, the statewide agricultural land base rate value per acre is equal to:

(1) the base rate value for the immediately preceding assessment date; multiplied by

(2) the assessed value growth quotient determined under IC 6-1.1-18.5-2 in the year including the assessment date.

This amount shall be substituted for any agricultural land base rate value included in the Real Property Assessment Guidelines or any other guidelines of the department of local government finance that apply for those assessment dates.

SECTION 5. IC 6-1.1-4-43 IS REPEALED [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]. ~~Sec. 43: (a) This section applies to a real property assessment for:~~

~~(1) the 2014 assessment date and assessment dates thereafter; and~~

~~(2) real property that is:~~

~~(A) a limited market or special purpose property that would commonly be regarded as a big box retail building under standard appraisal practices and is at least fifty thousand (50,000) square feet; and~~

~~(B) occupied by the original owner or by a tenant for which the improvement was built.~~

~~(b) This section does not to apply to the assessment of multi-tenant income producing shopping centers (as defined by the Appraisal Institute Dictionary of Real Estate Appraisal (5th Edition));~~

~~(c) In determining the true tax value of real property under this section which has improvements with an effective age is ten (10) years or less under the rules of the department, assessing officials shall apply the cost approach, less depreciation and obsolescence under the rules and guidelines of the department. For purposes of this subsection, the land value shall be assessed separately. The assessed value of the land underlying the improvements assessed under this section may be assessed or challenged based on the market value of comparable land.~~

~~(d) This subsection applies to a taxpayer that files a notice under IC 6-1.1-15 after April 30, 2015, requesting a review of the assessment of the taxpayer's real property that is subject to this section. If the effective age of the improvements is ten (10) years or less under the rules of the department, a taxpayer must provide to the appropriate~~



1 county or township assessing official information concerning the actual
 2 construction costs for the real property. Notwithstanding IC 6-1.1-15,
 3 if a taxpayer does not provide all relevant and reasonably available
 4 information concerning the actual construction costs for the real
 5 property before the hearing scheduled by the county property tax
 6 assessment board of appeals regarding the assessment of the real
 7 property, the appeal may not be reviewed until all the information is
 8 provided. If a taxpayer does provide the information concerning the
 9 actual construction costs for the real property and the construction costs
 10 for the real property are greater than the cost values determined by
 11 using the cost tables under the rules and guidelines of the department
 12 of local government finance, then the for purposes of applying the cost
 13 approach under subsection (b) or (c) the depreciation and obsolescence
 14 shall be deducted from the construction costs rather than the than the
 15 cost values determined by using the cost tables under the rules and
 16 guidelines of the department of local government finance.

17 SECTION 6. IC 6-1.1-4-43.5 IS ADDED TO THE INDIANA
 18 CODE AS A NEW SECTION TO READ AS FOLLOWS
 19 [EFFECTIVE UPON PASSAGE]: Sec. 43.5. (a) This section applies
 20 to a real property assessment for:

21 (1) the 2016 assessment date and assessment dates thereafter;
 22 and

23 (2) real property that is:

24 (A) a limited market or special purpose property that
 25 would commonly be regarded as a big box retail building
 26 under standard appraisal practices and is at least fifty
 27 thousand (50,000) square feet; and

28 (B) occupied by the original owner or by a tenant for
 29 which the improvement was built.

30 (b) If a taxpayer files a notice under IC 6-1.1-15 after March 31,
 31 2016, requesting a review of the assessment of the taxpayer's real
 32 property that is subject to this section, and the effective age of the
 33 improvements is ten (10) years or less under the rules of the
 34 department, a taxpayer must provide to the appropriate county or
 35 township assessing official information concerning the actual
 36 construction costs for the real property. Notwithstanding
 37 IC 6-1.1-15, if a taxpayer does not provide all relevant and
 38 reasonably available information concerning the actual
 39 construction costs for the real property before the hearing
 40 scheduled by the county property tax assessment board of appeals
 41 regarding the assessment of the real property, the appeal may not
 42 be reviewed until all the information is provided. If a taxpayer does



1 provide the information concerning the actual construction costs
 2 for the real property, and the construction costs for the real
 3 property are greater than the cost values determined by using the
 4 cost tables under the rules and guidelines of the department of
 5 local government finance, then for purposes of applying the cost
 6 approach the depreciation and obsolescence shall be deducted from
 7 the construction costs rather than the cost values determined by
 8 using the cost tables under the rules and guidelines of the
 9 department of local government finance.

10 SECTION 7. IC 6-1.1-4-44 IS REPEALED [EFFECTIVE
 11 JANUARY 1, 2016 (RETROACTIVE)]. Sec. 44: (a) This section
 12 applies to a real property assessment of commercial nonincome
 13 producing real property, including a sale-leaseback property, for:

- 14 (1) the 2014 assessment date and assessment dates thereafter; or
- 15 (2) any assessment date; if an assessment appeal is pending before
 16 the county property tax assessment board of appeals or the board
 17 of tax review.

18 (b) This section does not to apply to the assessment of multi-tenant
 19 income producing shopping centers (as defined by the Appraisal
 20 Institute Dictionary of Real Estate Appraisal (5th Edition)).

21 (c) As used in this section, "sale-leaseback" means a transaction in
 22 which one (1) party sells a property to a buyer, and the buyer leases the
 23 property back to the seller.

24 (d) In determining the true tax value of real property under this
 25 section which has improvements with an effective age of ten (10) years
 26 or less under the rules of the department, a comparable real property
 27 sale may not be used if the comparable real property:

- 28 (1) has been vacant for more than one (1) year as of the
- 29 assessment date or in the case of industrial property vacant for
- 30 more than five (5) years;
- 31 (2) has significant restrictions placed on the use of the real
- 32 property by a recorded covenant, restriction, easement, or other
- 33 encumbrance on the use of the real property;
- 34 (3) was sold and is no longer used for the purpose, or a similar
- 35 purpose, for which the property was used by the original occupant
- 36 or tenant; or
- 37 (4) was not sold in an arm's length transaction.

38 SECTION 8. IC 6-1.1-6-14, AS AMENDED BY P.L.66-2006,
 39 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2016]: Sec. 14. Land which is classified under this chapter as
 41 native forest land, a forest plantation, or wildlands shall be assessed as
 42 follows:



(1) At ~~one dollar (\$1)~~ **thirteen dollars and twenty-nine cents (\$13.29)** per acre for general property taxation purposes, **for the January 1, 2017, assessment date.**

(2) At the amount per acre determined in the following STEPS for general property taxation purposes, for an assessment date after January 1, 2017:

STEP ONE: Determine the amount per acre under this section for the immediately preceding assessment date.

STEP TWO: Multiply the STEP ONE amount by the result of:

(A) one (1); plus

(B) the annual percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics for the calendar year preceding the calendar year before the assessment date.

SECTION 9. IC 6-1.1-6.2-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. (a) Land that is classified under this chapter as a windbreak shall be assessed as follows:

(1) At ~~one dollar (\$1)~~ **thirteen dollars and twenty-nine cents (\$13.29)** per acre for general property taxation purposes, **for the January 1, 2017, assessment date.**

(2) At the amount per acre determined in the following STEPS for general property taxation purposes, for an assessment date after January 1, 2017:

STEP ONE: Determine the amount per acre under this section for the immediately preceding assessment date.

STEP TWO: Multiply the STEP ONE amount by the result of:

(A) one (1); plus

(B) the annual percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics for the calendar year preceding the calendar year before the assessment date.

(b) ~~However,~~ **Notwithstanding subsection (a),** ditch assessments on the classified land shall be paid.

SECTION 10. IC 6-1.1-6.7-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. (a) Land that is classified under this chapter as a filter strip shall be assessed as follows:

(1) At ~~one dollar (\$1)~~ **thirteen dollars and twenty-nine cents (\$13.29)** per acre for general property taxation purposes, **for the**



January 1, 2017, assessment date.

(2) At the amount per acre determined in the following STEPS for general property taxation purposes, for an assessment date after January 1, 2017:

STEP ONE: Determine the amount per acre under this section for the immediately preceding assessment date.

STEP TWO: Multiply the STEP ONE amount by the result of:

(A) one (1); plus

(B) the annual percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics for the calendar year preceding the calendar year before the assessment date.

~~(b) However,~~ Notwithstanding subsection (a), ditch assessments on the classified land shall be paid.

SECTION 11. IC 6-1.1-15-10.5, AS ADDED BY P.L.244-2015, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 10.5. (a) The fiscal officer of a taxing unit may establish a separate fund known as the property tax assessment appeals fund to hold property tax receipts that are attributable to an increase in the taxing unit's tax rate caused by a reduction in the taxing unit's net assessed value under IC 6-1.1-17-0.5 **(other than a reduction under IC 6-1.1-17-0.5(g))**.

(b) Money in a taxing unit's property tax assessment appeals fund may be used only to pay the following:

(1) Expenses incurred by a county assessor in defending appeals prosecuted under this chapter with respect to property located in the taxing unit.

(2) Refunds under section 11 of this chapter.

(c) The balance in a taxing unit's property tax assessment appeals fund may not exceed five percent (5%) of the amount budgeted by the taxing unit for a particular year.

(d) Money deposited in a taxing unit's property tax assessment appeals fund is not considered miscellaneous revenue. Both the taxing unit and the department of local government finance shall disregard any balance in the taxing unit's property tax assessment appeals fund in the determination of the taxing unit's property tax levy, property tax rate, and budget (except for appropriations for the purposes permitted by subsection (b)) for a particular calendar year.

SECTION 12. IC 6-1.1-15-10.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 10.7. (a) The county fiscal body**



1 may adopt an ordinance to provide that a part of the county's net
 2 assessed value of tangible property shall be excluded from the tax
 3 duplicate under IC 6-1.1-17-0.5(g). The ordinance must specify that
 4 the county auditor shall exclude the amount of net assessed value
 5 that is necessary to enable the county to pay the expenses, as
 6 specified in the ordinance, that are likely to be incurred by the
 7 county assessor in defending appeals under this chapter with
 8 respect to property located in the county.

9 (b) Property tax receipts that are attributable to an increase in
 10 the taxing unit's tax rate caused by a reduction in the net assessed
 11 value under IC 6-1.1-17-0.5(g) shall be deposited in the county's
 12 property tax assessment appeals fund established under section
 13 10.5 of this chapter and used to pay expenses incurred by the
 14 county assessor in defending appeals under this chapter with
 15 respect to property located in the county.

16 SECTION 13. IC 6-1.1-17-0.5, AS AMENDED BY P.L.137-2012,
 17 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2016]: Sec. 0.5. (a) For purposes of this section, "net assessed
 19 value" means assessed value after the application of deductions,
 20 exemptions, and abatements.

21 (b) The county auditor may exclude and keep separate on the tax
 22 duplicate for taxes payable in a calendar year the net assessed value of
 23 tangible property that meets the following conditions:

- 24 (1) The net assessed value of the property is at least nine percent
 25 (9%) of the net assessed value of all tangible property subject to
 26 taxation by a taxing district.
- 27 (2) The property is or has been part of a bankruptcy estate that is
 28 subject to protection under the federal bankruptcy code.
- 29 (3) The owner of the property has discontinued all business
 30 operations on the property.
- 31 (4) There is a high probability that the taxpayer will not pay
 32 property taxes due on the property in the following year.

33 (c) This section does not limit, restrict, or reduce in any way the
 34 property tax liability on the property.

35 (d) For each taxing district located in the county, the county auditor
 36 may reduce for a calendar year the taxing district's net assessed value
 37 that is certified to the department of local government finance under
 38 section 1 of this chapter and used to set tax rates for the taxing district
 39 for taxes first due and payable in the immediately succeeding calendar
 40 year. The county auditor may reduce a taxing district's net assessed
 41 value under this subsection only to enable the taxing district to absorb
 42 the effects of reduced property tax collections in the immediately



succeeding calendar year that are expected to result from any or a combination of the following:

(1) Successful appeals of the assessed value of property located in the taxing district.

(2) Deductions under IC 6-1.1-12-37 and IC 6-1.1-12-37.5 that result from the granting of applications for the standard deduction for the calendar year under IC 6-1.1-12-37 or IC 6-1.1-12-44 after the county auditor certifies net assessed value as described in this section.

(3) Deductions that result from the granting of applications for deductions for the calendar year under IC 6-1.1-12-44 after the county auditor certifies net assessed value as described in this section.

(4) Reassessments of real property under IC 6-1.1-4-11.5.

Not later than December 31 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and to the department of local government finance. The certified statement must list any adjustments to the amount of the reduction under this subsection and the information submitted under section 1 of this chapter that are necessary. The county auditor shall keep separately on the tax duplicate the amount of any reductions made under this subsection. The maximum amount of the reduction authorized under this subsection is determined under subsection (e).

(e) The amount of the reduction in a taxing district's net assessed value for a calendar year under subsection (d) may not exceed two percent (2%) of the net assessed value of tangible property subject to assessment in the taxing district in that calendar year.

(f) The amount of a reduction under subsection (d) may not be offered in a proceeding before the:

(1) county property tax assessment board of appeals;

(2) Indiana board; or

(3) Indiana tax court;

as evidence that a particular parcel has been improperly assessed.

(g) If a county fiscal body adopts an ordinance under IC 6-1.1-15-10.7, the county auditor shall exclude and keep separate on the tax duplicate for taxes payable in a calendar year the net assessed value of tangible property that is necessary to enable the county to pay the expenses, as specified in the ordinance, that are likely to be incurred by the county assessor in defending appeals with respect to property located in the county.

SECTION 14. IC 6-1.1-18.5-13, AS AMENDED BY P.L.245-2015,



SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the following:

(A) The first calendar year in which those costs are incurred.

(B) One (1) or more of the immediately succeeding four (4) calendar years.

(2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

(A) the cost of personal services (including fringe benefits);

(B) the cost of supplies; and

(C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the



1 department finds that the quotient determined under STEP SIX of
 2 the following formula is equal to or greater than one and
 3 two-hundredths (1.02):

4 STEP ONE: Determine the three (3) calendar years that most
 5 immediately precede the ensuing calendar year and in which
 6 a statewide general reassessment of real property under
 7 IC 6-1.1-4-4 does not first become effective.

8 STEP TWO: Compute separately, for each of the calendar
 9 years determined in STEP ONE, the quotient (rounded to the
 10 nearest ten-thousandth (0.0001)) of the sum of the civil taxing
 11 unit's total assessed value of all taxable property and:

12 (i) for a particular calendar year before 2007, the total
 13 assessed value of property tax deductions in the unit under
 14 IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular
 15 calendar year; or

16 (ii) for a particular calendar year after 2006, the total
 17 assessed value of property tax deductions that applied in the
 18 unit under IC 6-1.1-12-42 in 2006 plus for a particular
 19 calendar year after 2009, the total assessed value of property
 20 tax deductions that applied in the unit under
 21 IC 6-1.1-12-37.5 in 2008;

22 divided by the sum determined under this STEP for the
 23 calendar year immediately preceding the particular calendar
 24 year.

25 STEP THREE: Divide the sum of the three (3) quotients
 26 computed in STEP TWO by three (3).

27 STEP FOUR: Compute separately, for each of the calendar
 28 years determined in STEP ONE, the quotient (rounded to the
 29 nearest ten-thousandth (0.0001)) of the sum of the total
 30 assessed value of all taxable property in all counties and:

31 (i) for a particular calendar year before 2007, the total
 32 assessed value of property tax deductions in all counties
 33 under IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the
 34 particular calendar year; or

35 (ii) for a particular calendar year after 2006, the total
 36 assessed value of property tax deductions that applied in all
 37 counties under IC 6-1.1-12-42 in 2006 plus for a particular
 38 calendar year after 2009, the total assessed value of property
 39 tax deductions that applied in the unit under
 40 IC 6-1.1-12-37.5 in 2008;

41 divided by the sum determined under this STEP for the
 42 calendar year immediately preceding the particular calendar



- 1 year.
- 2 STEP FIVE: Divide the sum of the three (3) quotients
- 3 computed in STEP FOUR by three (3).
- 4 STEP SIX: Divide the STEP THREE amount by the STEP
- 5 FIVE amount.
- 6 The civil taxing unit may increase its levy by a percentage not
- 7 greater than the percentage by which the STEP THREE amount
- 8 exceeds the percentage by which the civil taxing unit may
- 9 increase its levy under section 3 of this chapter based on the
- 10 assessed value growth quotient determined under section 2 of this
- 11 chapter.
- 12 (4) A levy increase may not be granted under this subdivision for
- 13 property taxes first due and payable after December 31, 2008.
- 14 Permission to the civil taxing unit to increase its levy in excess of
- 15 the limitations established under section 3 of this chapter, if the
- 16 local government tax control board finds that the civil taxing unit
- 17 needs the increase to pay the costs of furnishing fire protection for
- 18 the civil taxing unit through a volunteer fire department. For
- 19 purposes of determining a township's need for an increased levy,
- 20 the local government tax control board shall not consider the
- 21 amount of money borrowed under IC 36-6-6-14 during the
- 22 immediately preceding calendar year. However, any increase in
- 23 the amount of the civil taxing unit's levy recommended by the
- 24 local government tax control board under this subdivision for the
- 25 ensuing calendar year may not exceed the lesser of:
- 26 (A) ten thousand dollars (\$10,000); or
- 27 (B) twenty percent (20%) of:
- 28 (i) the amount authorized for operating expenses of a
- 29 volunteer fire department in the budget of the civil taxing
- 30 unit for the immediately preceding calendar year; plus
- 31 (ii) the amount of any additional appropriations authorized
- 32 during that calendar year for the civil taxing unit's use in
- 33 paying operating expenses of a volunteer fire department
- 34 under this chapter; minus
- 35 (iii) the amount of money borrowed under IC 36-6-6-14
- 36 during that calendar year for the civil taxing unit's use in
- 37 paying operating expenses of a volunteer fire department.
- 38 (5) A levy increase may not be granted under this subdivision for
- 39 property taxes first due and payable after December 31, 2008.
- 40 Permission to a civil taxing unit to increase its levy in excess of
- 41 the limitations established under section 3 of this chapter in order
- 42 to raise revenues for pension payments and contributions the civil



1 taxing unit is required to make under IC 36-8. The maximum
 2 increase in a civil taxing unit's levy that may be recommended
 3 under this subdivision for an ensuing calendar year equals the
 4 amount, if any, by which the pension payments and contributions
 5 the civil taxing unit is required to make under IC 36-8 during the
 6 ensuing calendar year exceeds the product of one and one-tenth
 7 (1.1) multiplied by the pension payments and contributions made
 8 by the civil taxing unit under IC 36-8 during the calendar year that
 9 immediately precedes the ensuing calendar year. For purposes of
 10 this subdivision, "pension payments and contributions made by a
 11 civil taxing unit" does not include that part of the payments or
 12 contributions that are funded by distributions made to a civil
 13 taxing unit by the state.

14 (6) A levy increase may not be granted under this subdivision for
 15 property taxes first due and payable after December 31, 2008.
 16 Permission to increase its levy in excess of the limitations
 17 established under section 3 of this chapter if the local government
 18 tax control board finds that:

19 (A) the township's township assistance ad valorem property
 20 tax rate is less than one and sixty-seven hundredths cents
 21 (\$0.0167) per one hundred dollars (\$100) of assessed
 22 valuation; and

23 (B) the township needs the increase to meet the costs of
 24 providing township assistance under IC 12-20 and IC 12-30-4.
 25 The maximum increase that the board may recommend for a
 26 township is the levy that would result from an increase in the
 27 township's township assistance ad valorem property tax rate of
 28 one and sixty-seven hundredths cents (\$0.0167) per one hundred
 29 dollars (\$100) of assessed valuation minus the township's ad
 30 valorem property tax rate per one hundred dollars (\$100) of
 31 assessed valuation before the increase.

32 (7) A levy increase may not be granted under this subdivision for
 33 property taxes first due and payable after December 31, 2008.
 34 Permission to a civil taxing unit to increase its levy in excess of
 35 the limitations established under section 3 of this chapter if:

36 (A) the increase has been approved by the legislative body of
 37 the municipality with the largest population where the civil
 38 taxing unit provides public transportation services; and

39 (B) the local government tax control board finds that the civil
 40 taxing unit needs the increase to provide adequate public
 41 transportation services.

42 The local government tax control board shall consider tax rates



and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred seventy thousand (170,000) but less than one hundred seventy-five thousand (175,000);

(ii) a city having a population of more than sixty-five thousand (65,000) but less than seventy thousand (70,000);

(iii) a city having a population of more than twenty-nine thousand five hundred (29,500) but less than twenty-nine thousand six hundred (29,600);

(iv) a city having a population of more than thirteen thousand four hundred fifty (13,450) but less than thirteen thousand five hundred (13,500); or

(v) a city having a population of more than eight thousand seven hundred (8,700) but less than nine thousand (9,000); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of



the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

- (i) was issued by a federal district court; and
- (ii) has not been terminated;

(C) that operates a county jail that fails to meet:

- (i) American Correctional Association Jail Construction Standards; and
- (ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the



1 increase so that the property tax rate to pay the costs of furnishing
 2 fire protection for a township, or a portion of a township, enables
 3 the township to pay a fair and reasonable amount under a contract
 4 with the municipality that is furnishing the fire protection.
 5 However, for the first time an appeal is granted the resulting rate
 6 increase may not exceed fifty percent (50%) of the difference
 7 between the rate imposed for fire protection within the
 8 municipality that is providing the fire protection to the township
 9 and the township's rate. A township is required to appeal a second
 10 time for an increase under this subdivision if the township wants
 11 to further increase its rate. However, a township's rate may be
 12 increased to equal but may not exceed the rate that is used by the
 13 municipality. More than one (1) township served by the same
 14 municipality may use this appeal.

15 (11) Permission to a city having a population of more than
 16 thirty-one thousand five hundred (31,500) but less than thirty-one
 17 thousand seven hundred twenty-five (31,725) to increase its levy
 18 in excess of the limitations established under section 3 of this
 19 chapter if:

20 (A) an appeal was granted to the city under this section to
 21 reallocate property tax replacement credits under IC 6-3.5-1.1
 22 in 1998, 1999, and 2000; and

23 (B) the increase has been approved by the legislative body of
 24 the city, and the legislative body of the city has by resolution
 25 determined that the increase is necessary to pay normal
 26 operating expenses.

27 The maximum amount of the increase is equal to the amount of
 28 property tax replacement credits under IC 6-3.5-1.1 that the city
 29 petitioned under this section to have reallocated in 2001 for a
 30 purpose other than property tax relief.

31 (12) A levy increase may be granted under this subdivision only
 32 for property taxes first due and payable after December 31, 2008.
 33 Permission to a civil taxing unit to increase its levy in excess of
 34 the limitations established under section 3 of this chapter if the
 35 civil taxing unit cannot carry out its governmental functions for
 36 an ensuing calendar year under the levy limitations imposed by
 37 section 3 of this chapter due to a natural disaster, an accident, or
 38 another unanticipated emergency.

39 (13) Permission to Jefferson County to increase its levy in excess
 40 of the limitations established under section 3 of this chapter if the
 41 department finds that the county experienced a property tax
 42 revenue shortfall that resulted from an erroneous estimate of the



effect of the supplemental deduction under IC 6-1.1-12-37.5 on the county's assessed valuation. An appeal for a levy increase under this subdivision may not be denied because of the amount of cash balances in county funds. The maximum increase in the county's levy that may be approved under this subdivision is three hundred thousand dollars (\$300,000).

(14) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the percentage growth in the civil taxing unit's assessed value for the preceding calendar year was at least two (2) times the percentage growth allowed for the civil taxing unit's tax levy under the assessed value growth quotient determined under section 2 of this chapter for the ensuing calendar year. The civil taxing unit may increase its levy by a percentage equal to the percentage growth in the civil taxing unit's assessed value for the preceding calendar year.

(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under section 3 of this chapter for the city of Goshen for 2012 and thereafter by an amount equal to the greater of zero (0) or the result of:

(1) the city's total pension costs in 2009 for the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7); minus

(2) the sum of:

(A) the total amount of state funds received in 2009 by the city and used to pay benefits to members of the 1925 police pension fund (IC 36-8-6) or the 1937 firefighters' pension fund (IC 36-8-7); plus

(B) any previous permanent increases to the city's levy that were authorized to account for the transfer to the state of the responsibility to pay benefits to members of the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7).

(c) In calendar year 2013, the department of local government finance shall allow a township to increase its maximum permissible ad valorem property tax levy in excess of the limitations established under section 3 of this chapter, if the township:

(1) petitions the department for the levy increase on a form prescribed by the department; and

(2) submits proof of the amount borrowed in 2012 or 2013, but not both, under IC 36-6-6-14 to furnish fire protection for the



township or a part of the township.

The maximum increase in a township's levy that may be allowed under this subsection is the amount borrowed by the township under IC 36-6-6-14 in the year for which proof was submitted under subdivision (2). An increase allowed under this subsection applies to property taxes first due and payable after December 31, 2013.

SECTION 15. IC 6-1.1-31-6, AS AMENDED BY P.L.154-2006, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: Sec. 6. (a) With respect to the assessment of real property, the rules of the department of local government finance shall provide for:

(1) the classification of land on the basis of:

- ~~(i)~~ (A) acreage;
- ~~(ii)~~ (B) lots;
- ~~(iii)~~ (C) size;
- ~~(iv)~~ (D) location;
- ~~(v)~~ (E) use;
- ~~(vi)~~ (F) productivity or earning capacity;
- ~~(vii)~~ (G) applicable zoning provisions;
- ~~(viii)~~ (H) accessibility to highways, sewers, and other public services or facilities; and
- ~~(ix)~~ (I) any other factor that the department determines by rule is just and proper; and

(2) the classification of improvements on the basis of:

- ~~(i)~~ (A) size;
- ~~(ii)~~ (B) location;
- ~~(iii)~~ (C) use;
- ~~(iv)~~ (D) type and character of construction;
- ~~(v)~~ (E) age;
- ~~(vi)~~ (F) condition;
- ~~(vii)~~ (G) cost of reproduction; ~~and~~
- (H) market segmentation; and**
- ~~(viii)~~ (I) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the value of real property;
- (4) the productivity or earning capacity of:



(A) agricultural land; and

(B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(5) sales data for generally comparable properties; and

(6) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) With respect to the assessment of real property, true tax value does not mean fair market value. ~~Subject to this article, true tax value is the value determined under the rules of the department of local government finance.~~

(d) With respect to the assessment of an improved property, a valuation does not reflect the true tax value of the improved property if the purportedly comparable sale properties supporting the valuation have a different market or submarket than the current use of the improved property, based on a market segmentation analysis. Any market segmentation analysis must be conducted in conformity with generally accepted appraisal principles and is not limited to the categories of markets and submarkets enumerated in the rules or guidance materials adopted by the department of local government finance.

(e) True tax value does not mean the value of the property to the user.

(f) Subject to this article, true tax value shall be determined under the rules of the department of local government finance. The department's rules may include examples to illustrate true tax value.

SECTION 16. IC 6-1.1-36-12, AS AMENDED BY P.L.146-2008, SECTION 289, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) A board of county commissioners, a county assessor, or a township assessor (if any) may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the parcel or the assessment under the return have been finalized. The contract may require the contractor to:

(1) examine and verify the accuracy of a personal property returns return filed by taxpayers a taxpayer with the county assessor or a township assessor of a township in the county, if the contractor considers the examination and verification of that personal



1 **property return to be useful to the accuracy of the assessment**
 2 **process; and**

3 (2) compare a return with the books of the taxpayer and with
 4 personal property owned, held, possessed, controlled, or occupied
 5 by the taxpayer, **if the contractor considers the comparison to**
 6 **be useful to the accuracy of the assessment process.**

7 (b) This subsection applies if funds are not appropriated for
 8 payment of services performed under a contract described in subsection
 9 (a). The county auditor may create a special nonreverting fund in which
 10 the county treasurer shall deposit the amount of taxes, including
 11 penalties and interest, that result from additional assessments on
 12 undervalued or omitted property collected from all taxing jurisdictions
 13 in the county after deducting the amount of any property tax credits that
 14 reduce the owner's property tax liability for the undervalued or omitted
 15 property. The fund remains in existence during the term of the contract.
 16 Distributions shall be made from the fund without appropriation only
 17 for the following purposes:

18 (1) All contract fees and other costs related to the contract.

19 (2) After the payments required by subdivision (1) have been
 20 made and the contract has expired, the county auditor shall
 21 distribute all money remaining in the fund to the appropriate
 22 taxing units in the county using the property tax rates of each
 23 taxing unit in effect at the time of the distribution.

24 (c) A board of county commissioners, a county assessor, or a
 25 township assessor may not contract for services under subsection (a) on
 26 a percentage basis.

27 SECTION 17. IC 6-1.5-4-3 IS ADDED TO THE INDIANA CODE
 28 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 29 1, 2016]: **Sec. 3. (a) The Indiana board may do the following in a**
 30 **hearing on a petition for review of an assessment if the Indiana**
 31 **board has admitted into evidence one (1) or more appraisal reports**
 32 **offered by a party:**

33 (1) **The Indiana board may, on its own motion, have a review**
 34 **appraisal prepared by an independent appraiser to review**
 35 **any appraisal submitted by a party to the hearing. The review**
 36 **appraisal must be conducted according to the Uniform**
 37 **Standards of Professional Appraisal Practice and must**
 38 **ascertain whether the value opinion specified in the appraisal**
 39 **that is reviewed is reasonable and supported by the facts**
 40 **included in that appraisal, as well as by other available**
 41 **information.**

42 (2) **The Indiana board may consider a review appraisal under**



subdivision (1) when making its determination on the petition for review of the assessment.

(b) When making a determination on a petition for review of an assessment, the Indiana board shall base its determination on evidence on the record in the proceeding and on matters officially noticed in the proceeding. However, the Indiana board may consider parts or elements of the evidence submitted by the parties to the proceeding and make a finding of fact that is different from a particular fact that is asserted by a party.

SECTION 18. IC 6-1.5-4-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4. This section applies if the Indiana board in a hearing on a petition for review of an assessment has admitted into evidence two (2) or more appraisal reports offered by the parties to the hearing. For purposes of a review by the Indiana tax court or the Indiana supreme court of a final determination by the Indiana board on a petition for review of an assessment, the fact that a determination by the Indiana board that the value of the property:

(1) is less than the value of the property included in the appraisal report that contains the highest proposed value of the property; and

(2) is more than the value of the property included in the appraisal report that contains the lowest proposed value of the property;

does not by itself constitute an arbitrary or capricious action by the Indiana board, an abuse of discretion by the Indiana board, or a determination by the Indiana board that is unsupported by substantial or reliable evidence.

SECTION 19. IC 6-3.6-2-14.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14.5. "PSAP" means a PSAP (as defined in IC 36-8-16.7-20) that is part of the statewide 911 system (as defined in IC 36-8-16.7-22).

SECTION 20. IC 6-3.6-3-1, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1. (a) The following is the adopting body for a county:

(1) The local income tax council in a county in which the county income tax council adopted either:

(A) a county option income tax under IC 6-3.5-6 (repealed) that was in effect on January 1, 2015; or



(B) a county economic development income tax for the county under IC 6-3.5-7 (repealed) that was in effect on January 1, 2015.

(2) The county fiscal body in any other county.

(3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5.

(b) A local income tax council is established for each county. The membership of each county's local income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

SECTION 21. IC 6-3.6-6-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 2.5. (a) This section applies to a county in which the adopting body:**

(1) is the local income tax council; and

(2) did not allocate the revenue under this chapter from an expenditure rate of at least one-tenth of one percent (0.1%) to pay for a PSAP in the county for a year.

(b) A county fiscal body may adopt an ordinance to impose a tax rate for a PSAP in the county. The tax rate must be in increments of one-hundredth of one percent (0.01%) and may not exceed one-tenth of one percent (0.1%).

(c) The revenue generated by a tax rate imposed under this section must be distributed directly to the county before the remainder of the expenditure rate revenue is distributed. The revenue shall be maintained in a separate dedicated county fund and used only for paying for a PSAP in the county.

SECTION 22. IC 6-3.6-6-3, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 3. Revenue raised from a tax imposed under this chapter shall be treated as follows:**

(1) If an ordinance described in section 2.5 of this chapter is in effect in a county, to make a distribution to the county equal to the amount of revenue generated by the rate imposed under section 2.5 of this chapter.

(+) (2) After making the distribution described in subdivision (1), if any, to make distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1. The revenue categorized from the ~~first~~ next twenty-five hundredths percent (0.25%) of the rate for a former tax adopted under IC 6-3.5-1.1 shall be allocated to school



corporations and civil taxing units. The amount of the allocation to a school corporation or civil taxing unit shall be determined using the allocation amounts for civil taxing units and school corporations in the determination.

~~(2)~~ **(3) After making the distributions described in subdivisions (1) and (2),** the remaining revenue shall be treated as additional revenue (referred to as "additional revenue" in this chapter). Additional revenue may not be considered by the department of local government finance in determining:

(A) any taxing unit's maximum permissible property tax levy limit under IC 6-1.1-18.5; or

(B) the approved property tax rate for any fund.

SECTION 23. IC 6-3.6-6-11, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 11. (a) Except as provided in this chapter and IC 6-3.6-11, this section applies to an allocation of certified shares in all counties.

(b) Subject to this chapter, any civil taxing unit that imposes an ad valorem property tax in the county that has a tax rate in effect under this chapter is eligible for an allocation under this chapter.

(c) A school corporation is not a civil taxing unit for the purpose of receiving an allocation of certified shares under this chapter. The distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1 as provided in section ~~3(1)~~ **3(2)** of this chapter is not considered an allocation of certified shares. A school corporation's allocation amount for purposes of section ~~3(1)~~ **3(2)** of this chapter shall be determined under section 12 of this chapter.

(d) A county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113) is not a civil taxing unit for the purpose of receiving an allocation of certified shares under this chapter unless a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving the distribution.

(e) A resolution passed by a county fiscal body under subsection (d) may:

(1) expire on a date specified in the resolution; or

(2) remain in effect until the county fiscal body revokes or rescinds the resolution.

SECTION 24. IC 6-3.6-6-12, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) Except as provided in this chapter and



IC 6-3.6-11, this section applies to an allocation of certified shares in all counties.

(b) The allocation amount of a civil taxing unit during a calendar year is equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the total property taxes being imposed by the civil taxing unit during the calendar year of the distribution.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (c).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (d).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's certified shares plus the amount distributed under section ~~3(1)~~ **3(2)** of this chapter for the previous calendar year.

The allocation amount is subject to adjustment as provided in IC 36-8-19-7.5.

(c) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds were appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(d) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:



1 (1) the lease was issued; and
 2 (2) the proceeds were appropriated from property taxes;
 3 to refinance a debt obligation or lease issued before July 1, 2005.
 4 However, an appropriation from property taxes related to a lease
 5 entered into after June 30, 2005, is deducted if the lease extends
 6 payments on a debt or lease beyond the time in which the debt or lease
 7 would have been payable if the debt or lease had not been refinanced
 8 or increases the total amount that must be paid on a debt or lease in
 9 excess of the amount that would have been paid if the debt or lease had
 10 not been refinanced. The amount of the deduction is the annual amount
 11 for each year of the extension period or the annual amount of the
 12 increase over the amount that would have been paid.

13 SECTION 25. IC 6-3.6-6-20, AS ADDED BY P.L.243-2015,
 14 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2016]: Sec. 20. (a) This section applies to any allocation or
 16 distribution of revenue under section ~~3(1) or 3(2) or 3(3)~~ of this
 17 chapter that is made on the basis of property tax levies. If a school
 18 corporation or civil taxing unit of an adopting county does not impose
 19 a property tax levy that is first due and payable in a calendar year in
 20 which revenue under section ~~3(1) or 3(2) or 3(3)~~ of this chapter is
 21 being allocated or distributed, that school corporation or civil taxing
 22 unit is entitled to receive a part of the revenue under section ~~3(1) or~~
 23 ~~3(2) or 3(3)~~ of this chapter (as appropriate) to be distributed within the
 24 county. The fractional amount that such a school corporation or civil
 25 taxing unit is entitled to receive each month during that calendar year
 26 equals the product of the following:

27 (1) The amount of revenue under section ~~3(1) or 3(2) or 3(3)~~ of
 28 this chapter to be distributed on the basis of property tax levies
 29 during that month; multiplied by

30 (2) A fraction. The numerator of the fraction equals the budget of
 31 that school corporation or civil taxing unit for that calendar year.
 32 The denominator of the fraction equals the aggregate budgets of
 33 all school corporations or civil taxing units of that county for that
 34 calendar year.

35 (b) If for a calendar year a school corporation or civil taxing unit is
 36 allocated a part of a county's revenue under section ~~3(1) or 3(2) or 3(3)~~
 37 of this chapter by subsection (a), the calculations used to determine the
 38 shares of revenue of all other school corporations and civil taxing units
 39 under section ~~3(1) or 3(2) or 3(3)~~ of this chapter (as appropriate) shall
 40 be changed each month for that same year by reducing the amount of
 41 revenue to be distributed by the amount of revenue under section ~~3(1)~~
 42 ~~or 3(2) or 3(3)~~ of this chapter allocated under subsection (a) for that



1 same month. The department of local government finance shall make
 2 any adjustments required by this subsection and provide them to the
 3 appropriate county auditors.

4 SECTION 26. IC 6-3.6-9-10, AS ADDED BY P.L.243-2015,
 5 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2016]: Sec. 10. The budget agency shall also certify
 7 information concerning the part of the certified distribution that is
 8 attributable to each of the following:

9 (1) The tax rate imposed under IC 6-3.6-5.

10 (2) The tax rate imposed under IC 6-3.6-6, **separately stating the**
 11 **part of the distribution attributable to a tax rate imposed**
 12 **under IC 6-3.6-6-2.5.**

13 (3) Each tax rate imposed under IC 6-3.6-7.

14 The amount certified shall be adjusted to reflect any adjustment in the
 15 certified distribution under this chapter.

16 SECTION 27. IC 36-7-14-39, AS AMENDED BY P.L.87-2015,
 17 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2016]: Sec. 39. (a) As used in this section:

19 "Allocation area" means that part of a redevelopment project area
 20 to which an allocation provision of a declaratory resolution adopted
 21 under section 15 of this chapter refers for purposes of distribution and
 22 allocation of property taxes.

23 "Base assessed value" means the following:

24 (1) If an allocation provision is adopted after June 30, 1995, in a
 25 declaratory resolution or an amendment to a declaratory
 26 resolution establishing an economic development area:

27 (A) the net assessed value of all the property as finally
 28 determined for the assessment date immediately preceding the
 29 effective date of the allocation provision of the declaratory
 30 resolution, as adjusted under subsection (h); plus

31 (B) to the extent that it is not included in clause (A), the net
 32 assessed value of property that is assessed as residential
 33 property under the rules of the department of local government
 34 finance, as finally determined for any assessment date after the
 35 effective date of the allocation provision.

36 (2) If an allocation provision is adopted after June 30, 1997, in a
 37 declaratory resolution or an amendment to a declaratory
 38 resolution establishing a redevelopment project area:

39 (A) the net assessed value of all the property as finally
 40 determined for the assessment date immediately preceding the
 41 effective date of the allocation provision of the declaratory
 42 resolution, as adjusted under subsection (h); plus



(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.



(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection ~~(f)~~ (l) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection ~~(f)~~ (l) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1, 2015, whichever is later. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;



1 shall be allocated to and, when collected, paid into the funds of
2 the respective taxing units.

3 (2) The excess of the proceeds of the property taxes imposed for
4 the assessment date with respect to which the allocation and
5 distribution is made that are attributable to taxes imposed after
6 being approved by the voters in a referendum or local public
7 question conducted after April 30, 2010, not otherwise included
8 in subdivision (1) shall be allocated to and, when collected, paid
9 into the funds of the taxing unit for which the referendum or local
10 public question was conducted.

11 (3) Except as otherwise provided in this section, property tax
12 proceeds in excess of those described in subdivisions (1) and (2)
13 shall be allocated to the redevelopment district and, when
14 collected, paid into an allocation fund for that allocation area that
15 may be used by the redevelopment district only to do one (1) or
16 more of the following:

17 (A) Pay the principal of and interest on any obligations
18 payable solely from allocated tax proceeds which are incurred
19 by the redevelopment district for the purpose of financing or
20 refinancing the redevelopment of that allocation area.

21 (B) Establish, augment, or restore the debt service reserve for
22 bonds payable solely or in part from allocated tax proceeds in
23 that allocation area.

24 (C) Pay the principal of and interest on bonds payable from
25 allocated tax proceeds in that allocation area and from the
26 special tax levied under section 27 of this chapter.

27 (D) Pay the principal of and interest on bonds issued by the
28 unit to pay for local public improvements that are physically
29 located in or physically connected to that allocation area.

30 (E) Pay premiums on the redemption before maturity of bonds
31 payable solely or in part from allocated tax proceeds in that
32 allocation area.

33 (F) Make payments on leases payable from allocated tax
34 proceeds in that allocation area under section 25.2 of this
35 chapter.

36 (G) Reimburse the unit for expenditures made by it for local
37 public improvements (which include buildings, parking
38 facilities, and other items described in section 25.1(a) of this
39 chapter) that are physically located in or physically connected
40 to that allocation area.

41 (H) Reimburse the unit for rentals paid by it for a building or
42 parking facility that is physically located in or physically



connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as



1 industrial property under the rules of the department of local
2 government finance.

3 However, the total amount of money spent for this purpose in
4 any year may not exceed the total amount of money in the
5 allocation fund that is attributable to property taxes paid by the
6 industrial facilities described in this clause. The
7 reimbursements under this clause must be made within three
8 (3) years after the date on which the investments that are the
9 basis for the increment financing are made.

10 (L) Pay the costs of carrying out an eligible efficiency project
11 (as defined in IC 36-9-41-1.5) within the unit that established
12 the redevelopment commission. However, property tax
13 proceeds may be used under this clause to pay the costs of
14 carrying out an eligible efficiency project only if those
15 property tax proceeds exceed the amount necessary to do the
16 following:

17 (i) Make, when due, any payments required under clauses
18 (A) through (K), including any payments of principal and
19 interest on bonds and other obligations payable under this
20 subdivision, any payments of premiums under this
21 subdivision on the redemption before maturity of bonds, and
22 any payments on leases payable under this subdivision.

23 (ii) Make any reimbursements required under this
24 subdivision.

25 (iii) Pay any expenses required under this subdivision.

26 (iv) Establish, augment, or restore any debt service reserve
27 under this subdivision.

28 (M) Expend money and provide financial assistance as
29 authorized in section 12.2(a)(27) of this chapter.

30 The allocation fund may not be used for operating expenses of the
31 commission.

32 (4) Except as provided in subsection (g), before July 1 of each
33 year, the commission shall do the following:

34 (A) Determine the amount, if any, by which the assessed value
35 of the taxable property in the allocation area for the most
36 recent assessment date minus the base assessed value, when
37 multiplied by the estimated tax rate of the allocation area, will
38 exceed the amount of assessed value needed to produce the
39 property taxes necessary to make, when due, principal and
40 interest payments on bonds described in subdivision (3), plus
41 the amount necessary for other purposes described in
42 subdivision (3).



(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3);

the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:



- 1 (1) the assessed value of the property for the assessment date with
 2 respect to which the allocation and distribution is made; or
 3 (2) the base assessed value.

4 (d) Property tax proceeds allocable to the redevelopment district
 5 under subsection (b)(3) may, subject to subsection (b)(4), be
 6 irrevocably pledged by the redevelopment district for payment as set
 7 forth in subsection (b)(3).

8 (e) Notwithstanding any other law, each assessor shall, upon
 9 petition of the redevelopment commission, reassess the taxable
 10 property situated upon or in, or added to, the allocation area, effective
 11 on the next assessment date after the petition.

12 (f) Notwithstanding any other law, the assessed value of all taxable
 13 property in the allocation area, for purposes of tax limitation, property
 14 tax replacement, and formulation of the budget, tax rate, and tax levy
 15 for each political subdivision in which the property is located is the
 16 lesser of:

- 17 (1) the assessed value of the property as valued without regard to
 18 this section; or
 19 (2) the base assessed value.

20 (g) If any part of the allocation area is located in an enterprise zone
 21 created under IC 5-28-15, the unit that designated the allocation area
 22 shall create funds as specified in this subsection. A unit that has
 23 obligations, bonds, or leases payable from allocated tax proceeds under
 24 subsection (b)(3) shall establish an allocation fund for the purposes
 25 specified in subsection (b)(3) and a special zone fund. Such a unit
 26 shall, until the end of the enterprise zone phase out period, deposit each
 27 year in the special zone fund any amount in the allocation fund derived
 28 from property tax proceeds in excess of those described in subsection
 29 (b)(1) and (b)(2) from property located in the enterprise zone that
 30 exceeds the amount sufficient for the purposes specified in subsection
 31 (b)(3) for the year. The amount sufficient for purposes specified in
 32 subsection (b)(3) for the year shall be determined based on the pro rata
 33 portion of such current property tax proceeds from the part of the
 34 enterprise zone that is within the allocation area as compared to all
 35 such current property tax proceeds derived from the allocation area. A
 36 unit that has no obligations, bonds, or leases payable from allocated tax
 37 proceeds under subsection (b)(3) shall establish a special zone fund
 38 and deposit all the property tax proceeds in excess of those described
 39 in subsection (b)(1) and (b)(2) in the fund derived from property tax
 40 proceeds in excess of those described in subsection (b)(1) and (b)(2)
 41 from property located in the enterprise zone. The unit that creates the
 42 special zone fund shall use the fund (based on the recommendations of



the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(3), except that where reference is made in subsection (b)(3) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment in an area under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection:

(1) may not include the effect of phasing in assessed value due to property tax abatements under IC 6-1.1-12.1 **that are described in subsections (i) and (k);**

(2) may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, the reassessment under the reassessment plan, or the annual adjustment had not occurred; and

(3) may decrease base assessed value only to the extent that assessed values in the allocation area have been decreased due to annual adjustments or the reassessment under the reassessment plan.

~~Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area.~~ The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) In the case of assessed value increases attributable to the



1 application of an abatement schedule adopted under IC 6-1.1-12.1
 2 before July 1, 2016, the assessed value increases attributable to the
 3 application of the abatement schedule may not be included in the
 4 base assessed value of an allocation area.

5 (j) In the case of assessed value increases attributable to the
 6 application of an abatement schedule that is adopted under
 7 IC 6-1.1-12.1:

8 (1) after June 30, 2016; but

9 (2) before the date on which the allocation area is established;
 10 the assessed value increases attributable to the application of the
 11 abatement schedule must be included in the base assessed value of
 12 the allocation area, and may not be included in the incremental
 13 assessed value of the allocation area.

14 (k) In the case of assessed value increases attributable to the
 15 application of an abatement schedule that is adopted under
 16 IC 6-1.1-12.1:

17 (1) after June 30, 2016; and

18 (2) on or after the date on which the allocation area is
 19 established;

20 assessed value increases attributable to the application of an
 21 abatement schedule under IC 6-1.1-12.1 may be included in the
 22 incremental assessed value of the allocation area, but only to the
 23 extent that the assessed value increase is a direct result of funding
 24 or expenditures from the allocation area as determined by the
 25 fiscal body of the unit that established the redevelopment
 26 commission. The assessed value increases under this subsection
 27 that are not allocated to the incremental assessed value of the
 28 allocation area must be included in the base assessed value of the
 29 allocation area.

30 (†) (l) The allocation deadline referred to in subsection (b) is
 31 determined in the following manner:

32 (1) The initial allocation deadline is December 31, 2011.

33 (2) Subject to subdivision (3), the initial allocation deadline and
 34 subsequent allocation deadlines are automatically extended in
 35 increments of five (5) years, so that allocation deadlines
 36 subsequent to the initial allocation deadline fall on December 31,
 37 2016, and December 31 of each fifth year thereafter.

38 (3) At least one (1) year before the date of an allocation deadline
 39 determined under subdivision (2), the general assembly may enact
 40 a law that:

41 (A) terminates the automatic extension of allocation deadlines
 42 under subdivision (2); and



(B) specifically designates a particular date as the final allocation deadline.

SECTION 28. IC 36-7-15.1-26.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 26.3. (a)** Notwithstanding section 26 of this chapter, the commission shall adopt a resolution establishing a new base assessed value for the economic development area known as the Marion County Airport Economic Development Area. The new base assessed value shall be used beginning with the 2017 assessment date. The new base assessed value is subject to adjustment under section 26(h) of this chapter.

(b) The new base assessed value under subsection (a) is the base assessed value used in 2016 plus the amount, as determined by the commission, that will result in incremental assessed value that is expected to generate not more than one hundred fifty percent (150%) of the amount of allocated property tax proceeds necessary to make, when due, principal and interest payments on those bonds payable from property taxes in the area that are denominated on January 1, 2016, as series 2007 and 2007A.

(c) The commission shall also submit to the fiscal body of the county the commission's determination of the base assessed value that will be allocated to the respective taxing units as a result of the increase to the base assessed value under this section.

SECTION 29. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] (a) This SECTION applies to a taxpayer notwithstanding IC 6-1.1-11 or any other law or administrative rule or provision.

(b) This SECTION applies to an assessment date (as defined in IC 6-1.1-1-2) occurring after December 31, 2007, and before January 1, 2011.

(c) As used in this SECTION, "taxpayer" refers to an Indiana nonprofit corporation that owns a hospital and associated office buildings used for medical purposes.

(d) A taxpayer, after January 15, 2016, and before May 1, 2016, may file in any manner consistent with IC 6-1.1-36-1.5 property tax exemption applications, along with any supporting documents, claiming exemptions from real property taxes under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for any assessment date described in subsection (b).

(e) If the real property for which an exemption application is filed under this SECTION would have qualified for an exemption under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for an assessment date



1 described in subsection (b) if an exemption application had been
2 timely filed:

3 (1) the property tax exemption is allowed; and

4 (2) the property tax exemption application filed under this
5 SECTION is considered to have been timely filed.

6 (f) A taxpayer is deemed to be the owner of the real property
7 and is entitled to the exemption from real property tax as claimed
8 on any property tax exemption application filed under this
9 SECTION, regardless of whether:

10 (1) a property tax exemption application was previously filed
11 for the same or similar property for the assessment date;

12 (2) the county property tax assessment board of appeals has
13 issued a final determination regarding any previously filed
14 property tax exemption application for the assessment date;

15 (3) the taxpayer or any entity affiliated with the taxpayer
16 appealed any denial of a previously filed property tax
17 exemption application for the assessment date; or

18 (4) the records of the county in which the property subject to
19 the property tax exemption application at any time before
20 January 1, 2011, identified the taxpayer as the owner of the
21 property for which a property tax exemption is claimed.

22 (g) The property tax exemptions claimed by a taxpayer under
23 this SECTION are considered approved without further action
24 being required by the county assessor or the county property tax
25 assessment board of appeals for the county in which the property
26 subject to the property tax exemption application is located. This
27 exemption approval is final and may not be appealed by the county
28 assessor, the county property tax assessment board of appeals, or
29 any member of the county property tax assessment board of
30 appeals.

31 (h) A taxpayer who files a property tax exemption application
32 under this SECTION is not entitled to a refund of real property tax
33 paid with respect to the property for which a property tax
34 exemption is approved under this SECTION.

35 (i) The auditor of the county in which a property subject to any
36 property tax exemption application that is allowed under this
37 SECTION is located shall remove all penalties assigned to the
38 property as of January 1, 2016. The penalties shall be removed
39 regardless of when they accrued and whether they relate to an
40 assessment date identified in subsection (b) or a different
41 assessment date.

42 (j) This SECTION expires January 1, 2018.



1 **SECTION 30. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 308, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-3-14, AS AMENDED BY P.L.146-2008, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14. The township assessor, or the county assessor if there is no township assessor for the township, ~~shall~~ **may**:

(1) examine and verify; or

(2) allow a contractor under IC 6-1.1-36-12 to examine and verify;

the accuracy of ~~each~~ a personal property return filed with the township or county assessor by a taxpayer **if the assessor considers the examination and verification of that personal property return to be useful to the accuracy of the assessment process**. If appropriate, the assessor or contractor under IC 6-1.1-36-12 shall compare a return with the books of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer."

Page 17, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 17. IC 6-1.1-18.5-13, AS AMENDED BY P.L.245-2015, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the



following:

- (A) The first calendar year in which those costs are incurred.
 - (B) One (1) or more of the immediately succeeding four (4) calendar years.
- (2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:
- (A) the cost of personal services (including fringe benefits);
 - (B) the cost of supplies; and
 - (C) any other cost directly related to the operation of the court.
- (3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):
- STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property under IC 6-1.1-4-4 does not first become effective.
- STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and:
- (i) for a particular calendar year before 2007, the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular calendar year; or
 - (ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in the



unit under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 (repealed) or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for



the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars (\$10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government



tax control board finds that:

(A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.

(7) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred seventy thousand (170,000) but less than one hundred seventy-five thousand (175,000);



- (ii) a city having a population of more than sixty-five thousand (65,000) but less than seventy thousand (70,000);
 - (iii) a city having a population of more than twenty-nine thousand five hundred (29,500) but less than twenty-nine thousand six hundred (29,600);
 - (iv) a city having a population of more than thirteen thousand four hundred fifty (13,450) but less than thirteen thousand five hundred (13,500); or
 - (v) a city having a population of more than eight thousand seven hundred (8,700) but less than nine thousand (9,000);
- and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

- (A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;
- (B) that operates a county jail or juvenile detention center that is subject to an order that:
 - (i) was issued by a federal district court; and



- (ii) has not been terminated;
- (C) that operates a county jail that fails to meet:
 - (i) American Correctional Association Jail Construction Standards; and
 - (ii) Indiana jail operation standards adopted by the department of correction; or
- (D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) Permission to a city having a population of more than thirty-one thousand five hundred (31,500) but less than thirty-one thousand seven hundred twenty-five (31,725) to increase its levy



in excess of the limitations established under section 3 of this chapter if:

- (A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and
- (B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(12) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter due to a natural disaster, an accident, or another unanticipated emergency.

(13) Permission to Jefferson County to increase its levy in excess of the limitations established under section 3 of this chapter if the department finds that the county experienced a property tax revenue shortfall that resulted from an erroneous estimate of the effect of the supplemental deduction under IC 6-1.1-12-37.5 on the county's assessed valuation. An appeal for a levy increase under this subdivision may not be denied because of the amount of cash balances in county funds. The maximum increase in the county's levy that may be approved under this subdivision is three hundred thousand dollars (\$300,000).

(14) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the percentage growth in the civil taxing unit's assessed value for the preceding calendar year was at least two (2) times the percentage growth allowed for the civil taxing unit's tax levy under the assessed value growth quotient determined under section 2 of this chapter for the ensuing calendar year. The civil taxing unit may increase its levy by a percentage equal to the percentage growth in the civil taxing unit's assessed value for the preceding calendar year.



(b) The department of local government finance shall increase the maximum permissible ad valorem property tax levy under section 3 of this chapter for the city of Goshen for 2012 and thereafter by an amount equal to the greater of zero (0) or the result of:

(1) the city's total pension costs in 2009 for the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7); minus

(2) the sum of:

(A) the total amount of state funds received in 2009 by the city and used to pay benefits to members of the 1925 police pension fund (IC 36-8-6) or the 1937 firefighters' pension fund (IC 36-8-7); plus

(B) any previous permanent increases to the city's levy that were authorized to account for the transfer to the state of the responsibility to pay benefits to members of the 1925 police pension fund (IC 36-8-6) and the 1937 firefighters' pension fund (IC 36-8-7).

(c) In calendar year 2013, the department of local government finance shall allow a township to increase its maximum permissible ad valorem property tax levy in excess of the limitations established under section 3 of this chapter, if the township:

(1) petitions the department for the levy increase on a form prescribed by the department; and

(2) submits proof of the amount borrowed in 2012 or 2013, but not both, under IC 36-6-6-14 to furnish fire protection for the township or a part of the township.

The maximum increase in a township's levy that may be allowed under this subsection is the amount borrowed by the township under IC 36-6-6-14 in the year for which proof was submitted under subdivision (2). An increase allowed under this subsection applies to property taxes first due and payable after December 31, 2013."

Page 19, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 20. IC 6-1.1-36-12, AS AMENDED BY P.L.146-2008, SECTION 289, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) A board of county commissioners, a county assessor, or a township assessor (if any) may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the parcel or the assessment under the return have been finalized. The contract may require the contractor to:



(1) examine and verify the accuracy of ~~a personal property returns~~ **return** filed by ~~taxpayers~~ **a taxpayer** with the county assessor or a township assessor of a township in the county, **if the contractor considers the examination and verification of that personal property return to be useful to the accuracy of the assessment process;** and

(2) compare a return with the books of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer, **if the contractor considers the comparison to be useful to the accuracy of the assessment process.**

(b) This subsection applies if funds are not appropriated for payment of services performed under a contract described in subsection (a). The county auditor may create a special nonreverting fund in which the county treasurer shall deposit the amount of taxes, including penalties and interest, that result from additional assessments on undervalued or omitted property collected from all taxing jurisdictions in the county after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property. The fund remains in existence during the term of the contract. Distributions shall be made from the fund without appropriation only for the following purposes:

(1) All contract fees and other costs related to the contract.

(2) After the payments required by subdivision (1) have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution.

(c) A board of county commissioners, a county assessor, or a township assessor may not contract for services under subsection (a) on a percentage basis."

Page 20, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 23. IC 6-3.6-2-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 14.5. "PSAP" means a PSAP (as defined in IC 36-8-16.7-20) that is part of the statewide 911 system (as defined in IC 36-8-16.7-22).**

SECTION 24. IC 6-3.6-3-1, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1. (a) The following is the adopting body for a county:

(1) The local income tax council in a county in which the county income tax council adopted either:



(A) a county option income tax under IC 6-3.5-6 (repealed) that was in effect on January 1, 2015; or

(B) a county economic development income tax for the county under IC 6-3.5-7 (repealed) that was in effect on January 1, 2015.

(2) The county fiscal body in any other county.

(3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5.

(b) A local income tax council is established for each county. The membership of each county's local income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

SECTION 25. IC 6-3.6-6-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 2.5. (a) This section applies to a county in which the adopting body:**

(1) is the local income tax council; and

(2) did not allocate the revenue under this chapter from an expenditure rate of at least one-tenth of one percent (0.1%) to pay for a PSAP in the county for a year.

(b) A county fiscal body may adopt an ordinance to impose a tax rate for a PSAP in the county. The tax rate must be in increments of one-hundredth of one percent (0.01%) and may not exceed one-tenth of one percent (0.1%).

(c) The revenue generated by a tax rate imposed under this section must be distributed directly to the county before the remainder of the expenditure rate revenue is distributed. The revenue shall be maintained in a separate dedicated county fund and used only for paying for a PSAP in the county.

SECTION 26. IC 6-3.6-6-3, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 3. Revenue raised from a tax imposed under this chapter shall be treated as follows:**

(1) If an ordinance described in section 2.5 of this chapter is in effect in a county, to make a distribution to the county equal to the amount of revenue generated by the rate imposed under section 2.5 of this chapter.

(+) (2) After making the distribution described in subdivision (1), if any, to make distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1. The revenue categorized from the ~~first~~ next



twenty-five hundredths percent (0.25%) of the rate for a former tax adopted under IC 6-3.5-1.1 shall be allocated to school corporations and civil taxing units. The amount of the allocation to a school corporation or civil taxing unit shall be determined using the allocation amounts for civil taxing units and school corporations in the determination.

~~(2)~~ **(3) After making the distributions described in subdivisions (1) and (2),** the remaining revenue shall be treated as additional revenue (referred to as "additional revenue" in this chapter). Additional revenue may not be considered by the department of local government finance in determining:

(A) any taxing unit's maximum permissible property tax levy limit under IC 6-1.1-18.5; or

(B) the approved property tax rate for any fund.

SECTION 27. IC 6-3.6-6-11, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 11. (a) Except as provided in this chapter and IC 6-3.6-11, this section applies to an allocation of certified shares in all counties.

(b) Subject to this chapter, any civil taxing unit that imposes an ad valorem property tax in the county that has a tax rate in effect under this chapter is eligible for an allocation under this chapter.

(c) A school corporation is not a civil taxing unit for the purpose of receiving an allocation of certified shares under this chapter. The distributions to school corporations and civil taxing units in counties that formerly imposed a tax under IC 6-3.5-1.1 as provided in section ~~3(1)~~ **3(2)** of this chapter is not considered an allocation of certified shares. A school corporation's allocation amount for purposes of section ~~3(1)~~ **3(2)** of this chapter shall be determined under section 12 of this chapter.

(d) A county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113) is not a civil taxing unit for the purpose of receiving an allocation of certified shares under this chapter unless a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving the distribution.

(e) A resolution passed by a county fiscal body under subsection (d) may:

(1) expire on a date specified in the resolution; or

(2) remain in effect until the county fiscal body revokes or rescinds the resolution.

SECTION 28. IC 6-3.6-6-12, AS ADDED BY P.L.243-2015,



SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) Except as provided in this chapter and IC 6-3.6-11, this section applies to an allocation of certified shares in all counties.

(b) The allocation amount of a civil taxing unit during a calendar year is equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the total property taxes being imposed by the civil taxing unit during the calendar year of the distribution.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (c).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (d).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's certified shares plus the amount distributed under section ~~3(1)~~ **3(2)** of this chapter for the previous calendar year.

The allocation amount is subject to adjustment as provided in IC 36-8-19-7.5.

(c) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds were appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(d) Except as provided in this subsection, an appropriation from



property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

- (1) the lease was issued; and
- (2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

SECTION 29. IC 6-3.6-6-20, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 20. (a) This section applies to any allocation or distribution of revenue under section ~~3(1) or 3(2) or 3(3)~~ of this chapter that is made on the basis of property tax levies. If a school corporation or civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which revenue under section ~~3(1) or 3(2) or 3(3)~~ of this chapter is being allocated or distributed, that school corporation or civil taxing unit is entitled to receive a part of the revenue under section ~~3(1) or 3(2) or 3(3)~~ of this chapter (as appropriate) to be distributed within the county. The fractional amount that such a school corporation or civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

- (1) The amount of revenue under section ~~3(1) or 3(2) or 3(3)~~ of this chapter to be distributed on the basis of property tax levies during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the budget of that school corporation or civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all school corporations or civil taxing units of that county for that calendar year.

(b) If for a calendar year a school corporation or civil taxing unit is allocated a part of a county's revenue under section ~~3(1) or 3(2) or 3(3)~~ of this chapter by subsection (a), the calculations used to determine the shares of revenue of all other school corporations and civil taxing units under section ~~3(1) or 3(2) or 3(3)~~ of this chapter (as appropriate) shall be changed each month for that same year by reducing the amount of



revenue to be distributed by the amount of revenue under section ~~3(1)~~ ~~or 3(2)~~ **or 3(3)** of this chapter allocated under subsection (a) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

SECTION 30. IC 6-3.6-9-10, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 10. The budget agency shall also certify information concerning the part of the certified distribution that is attributable to each of the following:

- (1) The tax rate imposed under IC 6-3.6-5.
- (2) The tax rate imposed under IC 6-3.6-6, **separately stating the part of the distribution attributable to a tax rate imposed under IC 6-3.6-2.5.**
- (3) Each tax rate imposed under IC 6-3.6-7.

The amount certified shall be adjusted to reflect any adjustment in the certified distribution under this chapter."

Page 26, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 35. IC 36-7-14-39, AS AMENDED BY P.L.87-2015, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- (2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:
 - (A) the net assessed value of all the property as finally



determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes, taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property



that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (†) (I) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (†) (I) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1, 2015, whichever is later. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date



with respect to which the allocation and distribution is made;
or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included in subdivision (1) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local public question was conducted.

(3) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected



to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are



located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

- (i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.
- (ii) Make any reimbursements required under this subdivision.
- (iii) Pay any expenses required under this subdivision.
- (iv) Establish, augment, or restore any debt service reserve under this subdivision.

(M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.

The allocation fund may not be used for operating expenses of the commission.

(4) Except as provided in subsection (g), before July 1 of each year, the commission shall do the following:

- (A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and



interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3).

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

- (i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

(C) If:

- (i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus
- (ii) the amount necessary for other purposes described in subdivision (3);

the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the



allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. The amount sufficient for purposes specified in subsection (b)(3) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax



proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(3), except that where reference is made in subsection (b)(3) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment in an area under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection:

(1) may not include the effect of phasing in assessed value due to property tax abatements under IC 6-1.1-12.1 **that are described in subsections (i) and (k);**

(2) may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the general reassessment, the reassessment under the reassessment plan, or the annual adjustment had not occurred; and

(3) may decrease base assessed value only to the extent that assessed values in the allocation area have been decreased due to annual adjustments or the reassessment under the reassessment plan.

~~Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area.~~ The department of local government



finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) In the case of assessed value increases attributable to the application of an abatement schedule adopted under IC 6-1.1-12.1 before July 1, 2016, the assessed value increases attributable to the application of the abatement schedule may not be included in the base assessed value of an allocation area.

(j) In the case of assessed value increases attributable to the application of an abatement schedule that is adopted under IC 6-1.1-12.1:

(1) after June 30, 2016; but

(2) before the date on which the allocation area is established; the assessed value increases attributable to the application of the abatement schedule must be included in the base assessed value of the allocation area, and may not be included in the incremental assessed value of the allocation area.

(k) In the case of assessed value increases attributable to the application of an abatement schedule that is adopted under IC 6-1.1-12.1:

(1) after June 30, 2016; and

(2) on or after the date on which the allocation area is established;

assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may be included in the incremental assessed value of the allocation area, but only to the extent that the assessed value increase is a direct result of funding or expenditures from the allocation area as determined by the fiscal body of the unit that established the redevelopment commission. The assessed value increases under this section that are not allocated to the incremental assessed value of the allocation area must be included in the base assessed value of the allocation area.

(†) (l) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact



a law that:

- (A) terminates the automatic extension of allocation deadlines under subdivision (2); and
- (B) specifically designates a particular date as the final allocation deadline.

SECTION 36. IC 36-7-15.1-26.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 26.3. (a) Notwithstanding section 26 of this chapter, the commission shall adopt a resolution establishing a new base assessed value for the economic development area known as the Marion County Airport Economic Development Area. The new base assessed value shall be used beginning with the 2017 assessment date. The new base assessed value is subject to adjustment under section 26(h) of this chapter.**

(b) The new base assessed value under subsection (a) is the base assessed value used in 2016 plus the amount, as determined by the commission, that will result in incremental assessed value that is expected to generate not more than one hundred fifty percent (150%) of the amount of allocated property tax proceeds necessary to make, when due, principal and interest payments on those bonds payable from property taxes in the area that are denominated on January 1, 2016, as series 2007 and 2007A.

(c) The commission shall also submit to the fiscal body of the county the commission's determination of the base assessed value that will be allocated to the respective taxing units as a result of the increase to the base assessed value under this section."

Page 27, between lines 7 and 8, begin a new paragraph and insert: "SECTION 38. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **(a) This SECTION applies to a taxpayer notwithstanding IC 6-1.1-11 or any other law or administrative rule or provision.**

(b) This SECTION applies to an assessment date (as defined in IC 6-1.1-1-2) occurring after December 31, 2007, and before January 1, 2011.

(c) As used in this SECTION, "taxpayer" refers to an Indiana nonprofit corporation that owns a hospital and associated office buildings used for medical purposes.

(d) A taxpayer, after January 15, 2016, and before May 1, 2016, may file in any manner consistent with IC 6-1.1-36-1.5 property tax exemption applications, along with any supporting documents, claiming exemptions from real property taxes under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for any assessment date described in subsection



(b).

(e) If the real property for which an exemption application is filed under this SECTION would have qualified for an exemption under IC 6-1.1-10-16 or IC 6-1.1-10-18.5 for an assessment date described in subsection (b) if an exemption application had been timely filed:

- (1) the property tax exemption is allowed; and
- (2) the property tax exemption application filed under this SECTION is considered to have been timely filed.

(f) A taxpayer is deemed to be the owner of the real property and is entitled to the exemption from real property tax as claimed on any property tax exemption application filed under this SECTION, regardless of whether:

- (1) a property tax exemption application was previously filed for the same or similar property for the assessment date;
- (2) the county property tax assessment board of appeals has issued a final determination regarding any previously filed property tax exemption application for the assessment date;
- (3) the taxpayer or any entity affiliated with the taxpayer appealed any denial of a previously filed property tax exemption application for the assessment date; or
- (4) the records of the county in which the property subject to the property tax exemption application at any time before January 1, 2011, identified the taxpayer as the owner of the property for which a property tax exemption is claimed.

(g) The property tax exemptions claimed by a taxpayer under this SECTION are considered approved without further action being required by the county assessor or the county property tax assessment board of appeals for the county in which the property subject to the property tax exemption application is located. This exemption approval is final and may not be appealed by the county assessor, the county property tax assessment board of appeals, or any member of the county property tax assessment board of appeals.

(h) A taxpayer who files a property tax exemption application under this SECTION is not entitled to a refund of real property tax paid with respect to the property for which a property tax exemption is approved under this SECTION.

(i) The auditor of the county in which a property subject to any property tax exemption application that is allowed under this SECTION is located shall remove all penalties assigned to the property as of January 1, 2016. The penalties shall be removed



regardless of when they accrued and whether they relate to an assessment date identified in subsection (b) or a different assessment date.

(j) This SECTION expires January 1, 2018."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 308 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 9, Nays 3.

SENATE MOTION

Madam President: I move that Senate Bill 308 be amended to read as follows:

Page 2, line 39, after "occurs" delete "," and insert **"for which data is available,"**.

Page 6, between lines 16 and 17, begin a new paragraph and insert:

"SECTION 6. IC 6-1.1-4-43.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 43.5. (a) This section applies to a real property assessment for:

(1) the 2016 assessment date and assessment dates thereafter; and

(2) real property that is:

(A) a limited market or special purpose property that would commonly be regarded as a big box retail building under standard appraisal practices and is at least fifty thousand (50,000) square feet; and

(B) occupied by the original owner or by a tenant for which the improvement was built.

(b) If a taxpayer files a notice under IC 6-1.1-15 after March 31, 2016, requesting a review of the assessment of the taxpayer's real property that is subject to this section, and the effective age of the improvements is ten (10) years or less under the rules of the department, a taxpayer must provide to the appropriate county or township assessing official information concerning the actual construction costs for the real property. Notwithstanding IC 6-1.1-15, if a taxpayer does not provide all relevant and reasonably available information concerning the actual

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construction costs for the real property before the hearing scheduled by the county property tax assessment board of appeals regarding the assessment of the real property, the appeal may not be reviewed until all the information is provided. If a taxpayer does provide the information concerning the actual construction costs for the real property, and the construction costs for the real property are greater than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance, then for purposes of applying the cost approach the depreciation and obsolescence shall be deducted from the construction costs rather than the cost values determined by using the cost tables under the rules and guidelines of the department of local government finance."

Page 27, line 15, delete "The value in exchange of an improved property does not" and insert "**With respect to the assessment of an improved property, a valuation does not reflect the true tax value of the improved property if the purportedly comparable sale properties supporting the valuation have a different market or submarket than the current use of the improved property, based on a market segmentation analysis.**".

Page 27, delete lines 16 through 18.

Page 27, line 19, delete "use of the improved property."

Page 50, line 11, delete "section" and insert "**subsection**".

Renumber all SECTIONS consecutively.

(Reference is to SB 308 as printed January 22, 2016.)

HERSHMAN

SENATE MOTION

Madam President: I move that Senate Bill 308 be amended to read as follows:

Page 11, delete lines 7 through 42.

Delete pages 12 through 17.

Page 18, delete line 1.

Page 34, delete lines 17 through 42.

Delete pages 35 through 40.



Page 51, delete lines 9 through 20.

Renumber all SECTIONS consecutively.

(Reference is to SB 308 as printed January 22, 2016.)

HERSHMAN

